

STAND. COM. REP. NO.

3055

Honolulu, Hawaii

MAR 01 2024

RE: S.B. No. 2922
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 2922, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES,"

beg leave to report as follows:

The purpose and intent of this measure is to establish the Catastrophic Wildfire Securitization Act, which includes a process by which the Public Utilities Commission may authorize public utilities to securitize rates in order to raise capital that can be used to pay for costs and expenses arising out of catastrophic wildfires.

Your Committees received written comments in support of this measure from the International Brotherhood of Electrical Workers Local Union 1260, Kauai Island Utility Cooperative, Hawaiian Electric, Clearway Energy Group, Longroad Energy, and Ulupono Initiative.

Your Committees received written comments in opposition to this measure from one individual.

Your Committees received written comments on this measure from the Office of the Governor, Department of Commerce and Consumer Affairs, Department of the Attorney General, Department of Budget and Finance, Public Utilities Commission, and Maui Chamber of Commerce.

SB2922 SD2 SSCR LRB-1336.docx



Your Committees find that, in the aftermath of the wildfires that spread on Maui in August 2023, public utilities need capital to finance the development and implementation of plans for wildfire risk mitigation, and to contribute to disaster relief funds. Your Committees also find that, in order to prevent ratepayers from bearing the full burden of mitigation efforts, shareholder contributions must be a part of utility capitalization moving forward.

Your Committees believe that while this measure may present challenges to a utility, further discussion is warranted. Your Committees recognize that concerns exist regarding alternative models of ownership for utilities, as referenced in this measure. In 2019, the Department of Business, Economic Development, and Tourism published a study on alternative models of ownership, including co-operatives, in the State. The study noted that regulatory reform may be a better option for achieving state energy goals. In the interest of further discussion, your Committees encourage a re-evaluation of these issues as this measure progresses in the legislative process.

Your Committees have amended this measure by:

- (1) Clarifying use of recovery costs by providing that:
 - (A) Any payments into the wildfire relief fund shall not be used for replenishment due to imprudent conduct; and
 - (B) The Public Utilities Commission may consider allowing litigation and settlements or related expenses to be paid for by securitized capital if the capital is the lowest cost for ratepayers, and if shareholder contributions are considered first;
- (2) Clarifying that an application submitted by a public utility to the Public Utilities Commission and that fully complies with the Catastrophic Wildfire Securitization Act shall also be deemed to comply with any requirements imposed by any applicable provision of chapter 269, Hawaii Revised Statutes;



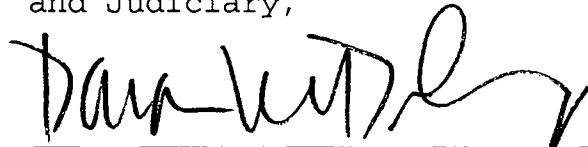
- (3) Making numerous amendments to the conditions that must be met before a financing order is issued;
- (4) Requiring the Public Utilities Commission to issue certain financing orders within one hundred eighty days of the filing of a completed application, if the Commission determines that the amounts identified in the application are recovery costs;
- (5) Deleting statutory provisions executing a pledge by the State to unknown parties;
- (6) Providing that access to securitized funds shall be limited to a public utility whose bond rating is below investment grade;
- (7) Providing that the Public Utilities Commission shall incorporate its findings relating to the Catastrophic Wildfire Securitization Act into the Commission's annual report to the Legislature;
- (8) Inserting a sunset date of June 30, 2030; and
- (9) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2922, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2922, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Judiciary,



KARL RHOADS, Chair



DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2922 SD1	CPN, WAM/JDC	3/1/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo				X
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	11	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top:10px;"> </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

